

# FISCAL NOTE

**Bill #: SB0302**

**Title: Regional wastewater authority**

**Primary**

**Sponsor: Daryl Toews**

**Status: As introduced**

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>	\$0	\$0
<b>Revenue:</b>	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

## Fiscal Analysis

### ASSUMPTIONS:

1. Regional water and/or wastewater authorities will continue to be subject to the regulatory requirements of Montana's Public Water Supply Act and the Water & Wastewater Treatment Plant Operators Act.
2. To be eligible, regional authorities will need to comply with the requirements of Montana's Public Water Supply Act and Water Quality Act.

### EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

#### **Department of Environmental Quality**

1. Establishment of regional authorities may provide a more efficient mechanism through which safe and adequate drinking water and/or wastewater systems could be provided, when it is economically and environmentally feasible to provide water or wastewater service on a regional basis. This bill also will enable these regional authorities to be eligible to participate in public infrastructure financing programs.

**Department of Commerce**

2. The proposed legislation would facilitate construction of two regional water systems in northcentral and in northeast Montana. As these two regional water projects proceed, local governments would be required to provide matching funding to finance their portion of the cost to build these projects which would principally be funded with federal special revenue. By pooling local resources and by leveraging significant amounts of federal funds for the project, the affected communities would be able to secure improved water supplies at considerably lower cost than would otherwise be possible if each community sought to improve its water supply independently.

LONG-RANGE IMPACTS:

**Department of Environmental Quality**

3. The long-range impact of this program is to allow for the establishment and financing of regional water and wastewater authorities.

**Department of Commerce**

4. The first project, generally known as the Rocky Boys-North Central Montana Regional Water System, is projected to cost a total of \$200 million. As proposed, the project would supply up to 6,500 acre-feet of water a year from Tiber Reservoir to about 5,860 homes located in incorporated communities and served by rural water districts surrounding the reservoir. Funding would be 80% federal with 20% match to be provided by the state and local governments.

The second project is referred to the Fort Peck Assiniboine and Sioux Municipal and Rural Water Supply System, and is projected to cost a total of \$179 million. The Fort Peck water project would construct about 3,500 miles of pipeline supplying 4,100 acre-feet of water from the Missouri River to approximately 12,000 households northeast of the Fort Peck Reservoir and north of the Missouri River. The project would serve the Fort Peck Assiniboine and Sioux Tribes and incorporated communities and rural water districts surrounding the Fort Peck Indian Reservation. Funding would be 75% federal with 25% match to be provided by the state and local governments.

The proposed regional water systems may also benefit Montana's communities outside the boundaries of the two regional water projects. The two projects would leverage significant federal funding to resolve serious water quality and quantity problems for two large areas of the state. Therefore, communities within the boundaries of the two regional water projects would not be competing with the other Montana communities for funding available from the Treasure State Endowment Program (TSEP) and the Community Development Block Grant (CDBG) Program to resolve their water supply problems. As a result, more TSEP and CDBG funds would be available for other communities throughout Montana. Currently, TSEP and CDBG are able to fund about one-half of the communities that apply.

TECHNICAL NOTES:

**Department of Environmental Quality**

This bill amends the definitions of several infrastructure financing programs to include regional authorities as eligible for financing. One of the programs so amended is the Water Pollution Control State Revolving Fund (SRF), in 75-5-1102, which would allow for SRF financing of regional wastewater facilities. It appears to be an oversight not to also have amended the companion program, the Drinking Water State Revolving Fund, in 75-6-202. If it is the sponsor's intent, a similar amendment to 75-6-202 could be added to allow SRF financing of regional drinking water facilities, as well as wastewater.